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CENTRAL INTELLIGENCE AGENCY

21 August 1962

MEMORANDUM FOR: Mr. Allan Evans, State (INR)

[redacted] (DIA)

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Colonel J. C. Jeffries, Jr., USA (ACSI)

Captain G. K. Nicodemus, USN (ONI)

Lt. Colonel C. H. Long, USAF (AFCIN 2B3)

[redacted] Chief Designate,  
Policy Staff, NSA

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SUBJECT: NIE 24-62: THE OUTLOOK FOR ITALY

1. The attached terms of reference were agreed upon at the USIB representatives' meeting on 21 August.
2. All agencies are invited to contribute to any section within their competence.
3. It is requested that contributions be received in this office by the close of business, 12 October.

*Chester L. Cooper*  
CHESTER L. COOPER  
Deputy Assistant Director  
National Estimates

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21 August 1962

SUBJECT:   TERMS OF REFERENCE: NIE 24-62:   THE OUTLOOK FOR ITALY

THE PROBLEM

To estimate the outlook for Italy over the next year or so.

SCOPE

The recent formation of a center-left coalition government which depends for its existence on Socialist support constitutes the most important shift in the balance of Italian politics since the immediate postwar period. We believe the principal objective of the estimate should be to describe and evaluate the implications of this move in the light of its workings so far. We would propose to explore the new political formula both in terms of its impact on prevailing Italian political trends and on probable

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foreign policies and to assess the consequences for Italy if the experiment is repudiated. Attention should also be focused on the tempo of Italian economic life particularly as it affects the prospects of the center-left combination. The reliability and effectiveness of Italy as a NATO partner and as a member of the Atlantic Community in the changed domestic political context should also be given emphasis.

#### QUESTIONS BEARING ON THE PROBLEM

##### I. THE GENERAL SITUATION

- A. Evaluate the current strengths, weaknesses, and inter-relationships of the major parties, the quality and appeal of their leaders and programs, and their future prospects. Assess the dangers and opportunities for Italy's various political groupings posed by an alliance of the center and left. What role is the Church likely to play in the developing political situation? Describe in general terms the impact of Italy's improved economic circumstances on Italian political and social life, with reference where possible to the traditional regional animosities,

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public mistrust and suspicion of government as such, and public indifference to participation in political life. Specifically:

1. Describe the forces, factions, and personalities within the Christian Democratic Party (CD) and their positions with respect to the center-left experiment. What, if any, compromises with traditional domestic and foreign policies will the CD leaders be forced to make in order to avoid a break with Nenni Socialists? Detail the CD's minimum requirements for continuing the present arrangement; the conditions which would permit a broadening into a full political alliance; the circumstances which could destroy the collaboration. If a break with the Nenni Socialists occurs, where will the CD turn for the necessary coalition support?
2. How will the center-left experiment affect the overall political situation within the Italian Socialist Party (PSI)? When and under what circumstances might a clash come with the pro-Communist "carristi" faction of the PSI? What are the Nenni Socialist's minimum

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requirements in terms of specific reforms for continued collaboration with the CD? What effect would the continuing success of the experiment have on the future of the Democratic Socialists (PSDI)? What would be the general effect of a collapse of the center-left alternative?

3. What are the prospects for the Italian Communist Party (PCI) in this new political situation; where will the Communists concentrate their efforts to avoid political isolation and erosion? Assess the significance of current evidence of factionalism within the PCI; what is the significance of Giorgio Amendola's challenge to Togliatti's leadership? In general, how will the advent of the center-left affect the disorientation of the PCI which came to a head following the 22nd Soviet Party Congress?

- B. In addition, attention should be given to the fluid situation in the trade union movement, especially with respect to the Socialist-Communist cooperation within the Communist-dominated labor federation (CGIL). How will the new political circumstances affect the future of the non-Communist trade union?

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## II. THE SOCIAL AND ECONOMIC SCENE

- A. What important changes are taking place in Italy's social and economic pattern as a result of the economic boom? What are the prospects for continuation of the present tempo of economic development? What effect could the success of the "opening to the left" have on Italy's widely acknowledged social and economic problems such as the imbalance between North and South, the inefficiency of the state machinery, and the uneven distribution of the fruits of increasing prosperity?
- B. What is the likely trend of Italy's trade and commercial relations with the Bloc? How will the existence of a center-left government affect these relations?

## III. DEFENSE AND FOREIGN RELATIONS

- A. How will the existence of an Italian government dependent on Socialist support affect Italy's foreign policy, particularly with respect to neutralist sentiment, NATO,  and the likelihood 50X1 of a stepped up defense program? What developments are likely in Italy's relations with the Bloc? With Yugoslavia?

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B. What role is Italy likely to play in European Community developments, especially with respect to the question of membership and association in the Common Market and European political union? How will the center-left experiment affect Italy's European Community policies, particularly



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